

LITTLE CHALFONT PARISH COUNCIL

FINANCIAL PROCEDURES 2015 (Revised May 2015)

1. General

- i. These procedures have been drawn up to reflect current practice as set out in "Governance and Accountability (England) - Practitioners Guide 2014" (the Guide).
- ii. The Little Chalfont Parish Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk.
- iii. In adopting these procedures, the Council seeks to demonstrate its commitment to good governance, accountability, transparency and to the prevention and detection of inaccuracy and fraud.
- iv. The Council recognises its responsibility for ensuring that public business is conducted in accordance with the law and applicable proper practices. It will also ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- v. The Council will review these procedures prior to approving the annual governance statement to ensure that the system of internal control set out in the procedures is in accordance with proper practice. The procedures will be reviewed at other times if necessary.
- vi. The Clerk is the Council's Responsible Financial Officer.

2. Banking Arrangements

- i. All day-to-day receipts and payments will be transacted via the Council's business account with TSB (Amersham). This account is referred to as the current account. The Clerk will have authority to receive statements, make enquiries about and generally manage the account but will not be a signatory. This authority is given in the letter sent to TSB on 11 June 2014. In addition to the current account the Council will as appropriate open other accounts in accordance with the (a) the Guide, (b) as outlined at the Parish Council meeting of 13 May 2009 and (c) in accordance with the Council's Investment Strategy dated February 2012 [drawn up in accordance with The Department of Communities and Local Government (DCLG) Guidance on Local government Investments (second edition) issued 11 March 2010]. The Council will approve the setting up of and any changes to accounts with banks and other financial institutions.
- ii. Changes to bank mandates or mandates for new accounts will be discussed and approved by the Council.
- iii. At 1 May 2015 the following accounts were active:
 - a) Business Account TSB (referred to in 2 (i) above).
 - b) Community Account HSBC.
 - c) Business Bond Santander (opened 1 October 2014 matures 1 October 2015). Interest 1.1% gross.
 - d) Scottish Widows 7 Day Notice Account (opened 14 January 2011). Interest at 31 March 2015 0.40 % gross.

3. Signatories to Bank Accounts

- i. Despite the repeal of section 150(5) of the Local Government Act 1972, the Council remains of the view that cheques shall be signed by two members of the Council.

This will be reviewed in the future and in the light of changes to UK payments. In any event, the “two member signatures” control will not be relinquished until safe and efficient arrangements are in place in accordance with the Guide.

- ii. TSB Current Account: All Councillors will be signatories with two signatories signing each cheque, initialling the invoice/supporting documentation and the relevant cheque stub. Signatories will ensure that the cheque is correctly written and is for the amount shown on the invoice/supporting documentation.
- iii. There will be at least four signatories for all other accounts according to administrative need. In all cases two signatories will be required to authorise transactions.
- iv. The Clerk will not be a signatory to accounts.
- v. Once cheques have been signed the Clerk must ensure that they are paid promptly. Holding back cheques is discouraged as unissued cheques are vulnerable to fraud and may create a false impression of the Council’s resources.
- vi. With effect from June 2015 a list of bank accounts held and the signatories to each will be published on the website.

4. Accounting Records

- i. Records will be maintained on the Clerk’s computer using RBS Alpha Financial Director software.
- ii. Monthly back ups will be sent electronically after each bank reconciliation (generally monthly) to the RBS data check and store facility.
- iii. Monthly statements, correspondence regarding accounts, chequebooks, paying in books and bond certificates will be held in the Clerk’s working files.
- iv. Copies of current reports will be kept in the Clerk’s working files.

5. Ordering Goods and Services/ Levels of Authority

- i. *The Clerk has authority to procure goods and services up to the value of £2,000 (net) that fall within the remit of approved budgetary expenditure. For goods and services up to this value, whenever possible and when time permits, three quotes should be sought. A list of reliable suppliers will be maintained whose services can be called upon. It is recognised that in an emergency it will not be possible to obtain three quotations eg flooding, repair of vandalism affecting security, faults that impact on immediate health and safety. Payment will be made by cheque and authorised in line with (3) above. On occasions, where immediate payment is required, to take advantage of special offers or internet facilities, the Clerk and Assistant Clerk may incur the expense and reclaim the amount.*
- ii. *For goods and services over £2,000 (net) three quotations should be sought from persons or firms competent to do the work. Wherever possible the need for such expenditure must be reported to the Council prior to any commitment being made. In emergencies described in 5 (i) it may be necessary to commit to the expenditure and in such circumstances the Clerk should advise the Chairman and Vice Chairman of the Council. If the Chairman and Vice Chairman are unavailable to approve an emergency payment, all councillors will be notified immediately of the transaction.*
- iii. *For Goods and Services over £20,000 (net) the Clerk will prepare tender documentation which will contain a specification and, as appropriate, contract terms. Invitations to tender will be sent to competent people or firms. For contracts over £50,000, a public notice will be placed in the local press. A closing date and time will be specified for completed tenders. Tenders will be analysed by the Clerk and a recommendation put to the Council for a decision on the awarding of the*

contract. The successful tenderer will be advised as will the unsuccessful parties. Where contract terms are issued these will be signed by two Councillors.

- iv. Orders will generally be placed in writing, by e-mail or letter.
- v. On receipt of goods, the Clerk or Assistant Clerk will check the goods received against the goods ordered and refer any queries back to the supplier as necessary. No payment will be made until the correct goods have been received.
- vi. On receipt invoices will be checked for correctness against the order and for arithmetic accuracy. Any errors will be referred back to the supplier for correction. No payment will be made until an amended and correct invoice has been received.

6. Provision of Services and Invoicing

- i. The majority of invoices issued will be in respect of hall and pitch bookings.
- ii. A diary of bookings will be maintained, contracts/booking forms will be completed by users and invoices issued.
- iii. Invoices will be issued on a monthly basis for regular hall bookings.
- iv. For "ad hoc" hall bookings invoices will, whenever possible, be issued at least one month before the event date. Payment for ad hoc events must be made in advance and keys will not normally be issued to such users unless payment has been made in full.
- v. Payments will be requested by cheque, whenever possible, as the holding of money in the office is discouraged.
- vi. Payments received will be banked as soon as practical.
- vii. Pitch invoices will be issued in accordance with HMRC guidance to assist clubs in reducing their VAT liability as set out in that guidance.

7. Tennis Meter

- i. This will be emptied at least once a fortnight during the period May-September and on a monthly basis or as required at all other times. NB If free tennis is offered during the summer, emptying can be undertaken on a monthly basis.
- ii. Two members of staff, or a member of staff and a Councillor, will empty the meter. Staff are not to empty the meter by themselves.
- iii. Monies collected will be counted and reconciled to the meter print out on the day the machine is emptied.
- iv. Money will be banked within two days.
- v. The meter print out will be retained on file to verify the amount banked.

8. Cheques

- i. When full, cheque books will be filed by the Clerk in the parish office.
- ii. Current cheque book will be kept in the Clerk's desk.
- iii. Cheques require any two authorised signatures.
- iv. Generally, all Council members will be signatories. The Clerk is not a signatory.
- v. Cheques will be presented for payment by the Clerk with the relevant supporting documentation eg invoice, list of individual expenses claimed, print outs detailing salary, NI and tax payments.
- vi. Cheque stubs and supporting documentation will be initialled by the two signatories authorising the cheque.
- vii. All cheques must be approved by the Council, whenever possible, in advance. At each Council meeting a list of cheques to be signed at the meeting will be circulated. This will include cheques that, through necessity, had to be authorised between meetings. Direct debit payments will also be listed.

9. Payment and Receipts by Direct Debit and Electronic Transfer

- i. The Clerk may request that some payments are made by direct debit. The direct debit instruction to the bank will be signed by two Councillors, who are signatories to the account.
- ii. Some receipts may be made by electronic transfer. These will generally be from grant awarding bodies, principle authorities or regular hall users.
- iii. Whilst such transactions are permissible, it must be borne in mind that when they go wrong due to third party errors, the difficulties faced in unravelling them can be an administrative burden.
- iv. Where such transactions are authorised, the Clerk and/or Assistant Clerk, will check that the amount debited or credited on the bank statement against the order, invoice or other relevant documentation.

10. VAT

- i. VAT will be claimed in accordance with the timetable and deadlines set out by HMRC for the Council ie staggered quarterly returns.
- ii. VAT will be recorded in accordance with HMRC and local government accounting regulations, using the software referred to in 4(i) above.
- iii. VAT will be charged on invoices issued by the Parish Council in accordance with HMRC rules relating to village halls and sports grounds. Other services provided will be subject to the addition of VAT in accordance with prevailing HMRC guidance.

11. Expenditure incurred by the Clerk on Behalf of the Council/VAT

- i. The Clerk and Assistant Clerk are authorised to purchase such items as are necessary for the proper functioning of the Council using their personal credit cards. Expense claims will be supported by receipts and will be reimbursed by cheque to the purchaser in accordance with section 8 above. Any VAT on such items will be entered into the accounts appropriately and will be included in the calculation of the Council's quarterly VAT return.
- ii. The Council does not have a petty cash system.

12. Payment of Salaries and Reimbursement of Expenses

- i. The Clerk is authorised to write the monthly salary cheques for herself and the Assistant Clerk.
- ii. Monthly salary, tax, national insurance and superannuation calculations will be undertaken by Cansdales, Chartered Accountants. Cansdales will also prepare payslips and submit all PAYE returns to HMRC.
- iii. Cansdales will be advised of the date salary cheques are issued in order to comply with HMRC's real time information (RTI) requirements.
- iv. Salary cheques will be issued in accordance with section 8 above.
- v. The Clerk is authorised to write cheques for the reimbursement of expenses.
- vi. Expenses cheques will be issued in accordance with sections 8 and 11 above.
- vii. Changes to staff salaries or terms and conditions will be recommended by the Establishment Committee and then reported to the Council for approval. All such changes will be confirmed in writing to the member of staff concerned and copies of such correspondence will be retained with the payroll file. Cansdales will also be advised of such changes.

13. Bank Reconciliation

- i. All bank statements will be reconciled with computer records. Statements, paying in books and the computer records will be marked to show each item has been checked.
- ii. The Chairman or Vice Chairman will sign each monthly bank reconciliation and corresponding bank statements (this need not be done at Council meetings).
- iii. Any discrepancies will be reported to the Council.

14. Financial Statements

- i. Monthly statements will be produced at each Council meeting (but not extraordinary Council meetings) showing income and expenditure against budget.
- ii. A standing item at every Council meeting (but not extraordinary Council meetings) will be approval of a schedule of payments made since the last meeting. This will include direct debit payments.
- iii. The Chairman will sign and date the schedule at the meeting once it has been approved.
- iv. The schedule will be filed with the signed minutes.
- v. With effect from June 2015 the schedule will also be available to view on the website with the appropriate Council minutes.
- vi. A balance sheet will be prepared on a quarterly basis and presented to the Council by the Clerk at the next meeting. The Clerk will ensure that the correct levels of fidelity guarantee insurance are in place to cover cash balances.
- vii. Annual financial statements will be approved by the Council and signed and dated by the Chairman and the Clerk in accordance with the requirements of the Audit Commission in completing Annual Returns to the External Auditor.

15. Clause S137 Payments

- i. Any payments under section 137 of the Local Government Act will be recorded and the Clerk will ensure that spending is within statutory limits.
- ii. The schedule of payments presented to each Council meeting (see 14 ii and iii above) will identify s137 payments.
- iii. A schedule of s137 payments will also be presented to the Council on an annual basis after the year end for the completed financial year.

16. Debts Due to the Council

- i. Every month the Assistant Clerk will review invoices that remain unpaid after the 30 day payment period.
- ii. A record will be kept of the action taken to pursue unpaid invoices.
- iii. After three months cases will be reviewed with the Clerk.
- iv. The Clerk has the authority to write off the unrecovered debt, after full consideration of the likely cost of pursuing the debt.

17. Audit

- i. Arrangements for internal and external audits will comply with current legislation.
- ii. An annual review of the effectiveness of internal audit will be carried out and the results will be minuted.

- iii. The appointment of an internal auditor is a legal requirement which is reviewed annually by the Council and minuted. The Council's internal auditor is Ernest Newhouse. He is competent to carry out the work in relation to internal controls and is independent of the financial operations of the Council. The internal auditor will visit at least annually to test the Council's financial processes, procedures and transactions in accordance with Appendix 9 of the Guide. In this way he reviews the effectiveness of control measures that the Council has put in place. Comments and recommendations will be made in his report to the Council and necessary action arising is then agreed, minuted and implemented. The internal auditor's findings also inform his completion of Section 4 of the Annual Return to the external auditor.
- iv. The Council's external auditor is Mazars. The Annual Return will be completed by the end of June each year and in accordance with the Guide. The return will be approved at a Council meeting and this will be minuted. When the external auditor has certified the return and provided their opinion this shall be reported to the Council, discussed, actions agreed and minuted.

18. Budgeting and forward planning

- i. In October each year the Clerk will start to prepare a detailed estimate of receipts and payments including the use of reserves and all sources of funding for the following financial year. This estimate (budget) will be presented to the Council no later than December.
- ii. At the same time, an updated estimate of the current year budget outturn will also be presented.
- iii. The Council expects to fix the funding request to the District Council (ie precept and council tax relief grant) for the ensuing financial year by the end of January each year.
- iv. The approved annual budget shall contribute to the financial control for the ensuing year in that each month income and expenditure will be reviewed and discussed at each scheduled Council meetings (see section 14).
- v. The Council will have in place a five year plan which will be regularly reviewed.

20. Assets, Properties and Estates

- i. The Clerk shall make arrangements for the custody of all title deeds of properties held by the Council. A record of all properties held by the Council, recording the location, extent, plan, reference, purchase details, nature of interest, tenancies granted, rents payable and purpose for which held will be maintained.
- ii. The Clerk will ensure that an appropriate asset register is maintained and kept up to date.

21. Insurance

- i. The Council's insurances will be reviewed at least annually and the annual renewal (or decision to place its insurances with an alternative provider) will be agreed at a Council meeting.
- ii. The Council's risk assessment document will be reviewed on at least an annual basis.
- iii. An appropriate level of fidelity guarantee insurance will be maintained and updated as necessary by the Clerk.
- iv. The Clerk will also increase the Council's insurance cover as necessary when new assets are acquired during the course of the year.
- v. The Clerk will report to the Council at the next available meeting any loss, liability or damage or of any event likely to lead to a claim.

22. Risk Management

- i. The Council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.
- ii. When considering any new activity the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

23. Suspension and Revision of Financial Procedures

- i. It shall be the duty of the Council to review its Financial Procedures from time to time and at least annually. The Clerk shall make arrangements to monitor changes in legislation and proper practice and shall advise the Council of any requirements for a consequential amendment to these procedures.
- ii. The Council may, by resolution of the Council duly notified prior to the relevant meeting of the Council, suspend any part of these Financial Procedures provided that the reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of the Council.

24. Staff training

The Council will ensure that staff receive adequate training to enable them to undertake with competence duties in respect to the various aspects of these procedures.
